



**MCI Telecommunications  
Corporation**

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September 23, 1996

Mr. William F. Caton  
Secretary  
Federal Communications Commission  
Room 222  
1919 M Street NW  
Washington, D.C. 20554

RECEIVED

SEP 23 1996

Re: CC Docket No. 96-61

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Dear Mr. Caton:

Today, Donald Elardo and I met with Richard Metzger, Donald Stockdale and Christopher Heimann of the Common Carrier Bureau. The purpose of the meeting was to review MCI's position in this proceeding. The attached material was used during the discussion.

Please include this letter and the enclosed copy on the record of this proceeding.

Sincerely,

  
Leonard S. Sawicki

Attachment

cc: Mr. Heimann  
Mr. Metzger  
Mr. Stockdale

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List A B C D E



# CC Docket No. 96-61



June 1996

# **Mandatory Detariffing**

- "Forbearance" means "restraint" -- not "prohibition"

# **Permissive Detariffing**

- FCC has authority under 1996 Act
  - *so long as four-prong test is satisfied*

# Four-Prong Test

- Detariffing appropriate only if tariffs not needed to:
  - help assure Title II compliance
  - satisfy consumer needs
  - satisfy public interest
  - lead to competitive markets
- Test needs to be applied to market segments
  - "high end" (large user)
  - "low end" (mass market)
    - residential and small/medium-size commercial

# Large User Market

- Market characterized by sophisticated companies represented by counsel (Fortune 500+)
- Transactions in form of individually negotiated contracts
  - with after-the-fact "summary-tariffing"
- Tariffing not needed to
  - help assure Title II compliance
  - protect customers
  - satisfy public interest
  - lead to competitive markets
- Permissive tariffing thus possible, even preferred

# Mass Markets

- Market characterized by general consumer buyers
  - tens of millions of customers
- Transactions in form of standard orders for standard products
  - great reliance on tariffs for service description/features, pricing and uniformity

# **Tariffs protect mass market customer interests**

- Costs associated with alternative transacting high - will be passed on to consumers
- Transacting with "casual users" impossible without tariffs
- Tariffs provide public information on which "buy" recommendations/decisions can be made
- Tariffs allow for rapid introduction of new products/features/service changes



# **Tariffs for mass market consumers satisfy the public interest**

- Tariffs allow for efficient service provisioning
  - minimize transacting costs
  - establish rights and duties for both carriers and customers
  - provide for transactional "certainty"
- Tariffing eases monitoring of compliance with other regulatory requirements
  - e.g., geographic rate averaging/rate integration

# **Tariffs for mass market consumers lead to pro-competitive market results**

- Ready public availability of service information in tariffs is pro-competitive
  - Provides information upon which sound "buy decisions" can be made after "comparison shopping"
- Provides mechanism for quick marketplace initiatives/responses

# **MCI Position -- Summary**

- **Mandatory detariffing is not forbearance**
- **Permissive detariffing sustainable for large user market segment**
  - statutory elements can be met
- **Detariffing not possible for mass market segment**
  - statutory elements cannot be met

# **Sample of permissive detariffing supporters**

- Consumer Federation of America/Consumers Union
- TRAC
- AT&T
- Cable & Wireless
- CompTel
- Frontier
- LCI International
- LDDS
- MFS
- Sprint